

**\$11,595,000 Village of Cary
McHenry County, Illinois
Special Assessment Area Number Two
Special Tax Refunding Bonds, Series 2006**

Annual Continuing Disclosure Report

For Period Ending September 30, 2008

Prepared by:

MUNICAP, INC.

December 20, 2008

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McHenry County, Illinois
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I. UPDATED INFORMATION

Information provided below is updated as of September 30, 2008:

- Special taxes were levied in 2006 for collection in 2007 in the amount of \$660,006. As of December 5, 2008, McHenry County reports collecting and transferring special taxes in the amount of \$660,006 to the Village of Cary, representing 100 percent of special taxes for calendar year 2006.
- Special taxes were levied in 2007 for collection in 2008 in the amount of \$660,002. As of December 5, 2008, McHenry County reports collecting and transferring special taxes in the amount of \$649,002 to the Village of Cary, representing 98.3 percent of special taxes for calendar year 2007. The village anticipates transferring the uncollected balance of \$11,000 to the trustee when collected and made available by McHenry County. The tax sale was scheduled for December 2, 2008 and the final distribution of special taxes to the village will take place in January 2009. As of December 10, 2008, McHenry County reports that the calendar year 2007 tax sale collection information was unavailable.
- Special taxes were levied in 2008 for collection in 2009 in the amount of \$670,000. Calendar year 2008 special taxes are due in June and September 2009. As a result, there are no delinquent special taxes for calendar year 2008 at this time.
- According to the McHenry County treasurer's web site, the representative calendar year 2007 tax rate for a single-family home was 7.1126 per \$100 of assessed value.
- According to the U.S. Census Bureau's 2007 American Community Survey, the median household income for McHenry County and the State of Illinois were \$73,286 and \$54,124, respectively.
- According to the U.S. Census Bureau's 2007 American Community Survey, the median home values for McHenry County and the State of Illinois were \$262,100 and \$208,800, respectively.
- There have been three rating changes on Radian Asset Assurance Inc., the Series 2006 Special Tax Refunding Bonds insurer by Standard & Poor's and Fitch Ratings.

II. INTRODUCTION

The Village of Cary, McHenry County, Illinois Special Service Area Number Two issued the \$11,595,000 Series 2006 Special Tax Refunding Bonds to refund and defease the \$10,500,000 Series 2000A Special Tax Bonds. The Series 2000A Special Tax Bonds were issued pursuant to a Trust Indenture, dated as of August 1, 2000, between the Village of Cary and J.P Morgan Trust Company, National Association (formerly American National Bank and Trust Company of Chicago, Illinois). The Series 2006 Special Tax Refunding Bonds were issued pursuant to and in accordance with (i) the Illinois Constitution of 1970, (ii) the Special Service Area Tax Law of the State of Illinois, (iii) the Illinois Local Government Debt Reform Act of the State of Illinois, (iv) Ordinance No. 06-06-07, which was adopted by the village on June 20, 2006 providing for the issuance of the Series 2006 Special Tax Refunding Bonds, and (v) a trust indenture dated as of July 1, 2006, between the Village of Cary and the Bank of York Trust Company (formerly J.P. Morgan Trust Company, National Association Chicago, Illinois).

According to the Official Statement for the Series 2006 Special Tax Refunding Bonds, the Village of Cary Special Service Area Number Two consists of approximately 330 acres of land located on the north side of Three Oaks Road and on the east side of Silver Lakes Road in Cary, Illinois, commonly known as the Foxford Hills Project.

The property in the special service area has been developed by Pinnacle Corporation, an Illinois Corporation, doing business as Town and Country Homes (the “developer”). The special service area consists of 374 detached single-family homes, surrounded by Foxford Hills Golf Club, which opened in 2002, and is owned by the Cary Park District. According to the Official Statement, dated as of July 13, 2006, the developer has completed building all single-family homes in the special service area.

Pursuant to the Official Statement, \$11,595,000 in Special Tax Refunding Bonds (Series 2006) were sold and used to refund and defease the \$10,500,000 Special Tax Bonds (Series 2000A). Series 2000A Bond proceeds were used to construct certain special services consisting of earthwork, underground utilities, landscaping and other eligible costs to serve the area that were required in connection with the development of the area.

The information provided herein is not intended to supplement or otherwise relate to the information provided in the Limited Offering Memorandum and any such intent is expressly disavowed. Rather, this report responds to the specific requirements of the continuing disclosure agreement.

No representation is made as to the materiality or completeness of the information provided herein or as to whether other relevant information exists with respect to the period covered by this report. Other matters or events may have occurred or become known during or since that period that may be material. All information is provided as of September 30, 2008, unless otherwise stated, and no representation is made that the information contained in this report is indicative of information that may pertain since the end of the period covered by this report or in the future.

III. TRUSTEE ACCOUNTS

The trustee for the Series 2006 Refunding Bonds is the Bank of New York Trust Company (formerly J.P. Morgan Trust Company). The balance as of September 30, 2007, interest paid, additional proceeds, disbursements and account balances as of September 30, 2008, are shown in the following table.

Table III-1
Summary of Transactions

	Balance 9/30/07	Interest Income	Additional Proceeds	Disburse- ments	Balance 9/30/08
Bond & Interest Fund	\$178,292	\$17,204	\$841,506	\$970,462	\$66,541
Special Redemption Account	\$133,498	\$3,120	\$122,631	\$152,067	\$107,181
Reserve Fund	\$1,033,547	\$35,239	\$0	\$43,543	\$1,025,243
Administrative Expense Fund	\$24,586	\$674	\$26,775	\$23,885	\$28,149
Special Reserve Fund	\$0	\$208	\$38,536	\$35	\$38,709
Defeasance Escrow Account	\$10,612,210	\$265,124	\$269,671	\$814,662	\$10,332,343
Total	\$11,982,148	\$321,569	\$1,299,119	\$2,004,655	\$11,598,181

The additional proceeds to the Bond and Interest Fund were special tax revenues for the payment of debt service. The additional proceeds to the Special Redemption Account were special tax prepayments made on five single-family lots for calendar year 2007. A portion of the Series 2006 Bonds were redeemed on December 1, 2007 with the funds received from calendar year 2006 prepayments. Disbursements from the Reserve Fund consist of miscellaneous fees paid to the trustee, the transfer of reserve fund credits to the Special Redemption Account, and the transfer of investment income to the Bond and Interest Fund for the payment of debt service. The additional proceeds to the Administrative Expense Fund were transfers of calendar year 2006 special tax revenues from the Bond and Interest Fund for the payment of administrative expenses. The additional proceeds to the Special Reserve Fund were transfers of special tax revenues from the Bond and Interest Fund to meet the special reserve fund requirement. Disbursements from the Escrow Account were for the payment of debt service on the Series 2000A Bonds.

The interest paid through September 30, 2008 does not include interest accrued but not yet paid. The Defeasance Escrow Funds are invested in a U.S. Treasury Note earning 5.08 percent that matures on March 1, 2010. The other bond proceeds in each fund are invested in money market funds currently earning between 2.23 and 2.24 percent per year. Table III-2 below shows the approximate rates of return on the investments as of September 30, 2008.

Investment income in the Bond and Interest Fund will remain in the Bond and Interest Fund. The proceeds in excess of the reserve requirement in the Reserve Fund shall be transferred to the Interest Fund to be used for the payment of interest on the Series 2006 Bonds. Investment income in the Escrow Account will be used to pay debt service on the prior bonds.

Table III-2
Rate of Return

Account	Rate of Return
Bond & Interest Fund	2.24%
Special Redemption Account	2.24%
Reserve Fund	2.23%
Administrative Expense Fund	2.23%
Special Reserve Fund	2.23%
Defeasance Escrow Account	5.08%

IV. DISTRICT OPERATIONS

A. VILLAGE FINANCIAL STATEMENTS

A copy of the village's Audited Financial Statements for the fiscal year ending April 30, 2008 has been provided under separate cover.

B. SPECIAL ASSESSMENTS LEVIED AND COLLECTED

The \$10,500,000 Cary Special Service Area Number Two Series 2000A Special Tax Bonds were defeased and refunded on July 13, 2006 with the \$11,595,000 Cary Special Service Area Number Two Series 2006 Special Tax Refunding Bonds.

The special tax roll is to be amended each year to reflect: (i) the Maximum Special Taxes and the Maximum Parcel Special Taxes for the current Calendar Year, (ii) the Special Taxes as abated for the Calendar Year, (iii) prepayment of the special tax by any parcel, and (iv) any subdivisions of Parcels in the SSA that result in any reallocation of the special taxes.

The maximum annual special tax is the aggregate amount levied each calendar year on all of the parcels within the SSA. Special taxes have been levied at the maximum rate for the years 2000 - 2028. Special taxes levied in 2008 are for collection in 2009. After accounting for prepaid special taxes, the maximum annual special tax for 2008 (for collection in 2009) is \$863,304.

Beginning in 2002 and in each calendar year thereafter, the Maximum Special Taxes for the Series 2006 Refunding Bonds is to be increased by 1.5 percent of the amount from the previous year. The maximum special taxes per unit for 2008 (which are for collection in 2009) are shown in Table IV-1.

Table IV-1
Maximum Parcel Special Tax Rates
2008 Calendar Year

	2008 Maximum Parcel Special Tax A
Single-family (per unit)	\$2,425
Golf Course	\$0

(i) Abatement of Special Taxes

The special tax is abated each year so that the amount collected is equal to the special tax requirement. The special tax requirement is, generally, equal to (i) annual debt service, administrative expenses and funds required for replenishment of any required reserve, less (iii) investment income and available capitalized interest.

Special taxes are to be abated from the maximum annual special tax of \$863,304 such that the amount to be collected in calendar year 2008 is equal to \$670,000.

Table IV-2 on the following page provides a summary of the special tax requirement for calendar year 2008 for the Series 2006 Bonds. Special taxes are to be abated such that the amount to be collected in 2009 is equal to \$670,000. The special tax requirement for the Series 2006 Bonds is explained in the following sections.

Table IV-2
Special Tax Requirement for 2008

Debt service:	
Interest payment, September 1, 2009	\$266,545
Interest payment, March 1, 2010	\$266,545
Principal payment, March 1, 2010	\$219,000
Total debt service	\$752,090
Special service area operations	\$27,180
Special reserve fund	\$18,811
Contingency	\$96,130
<i>Sub-total expenses</i>	\$894,211
Reserve fund investment income	(\$10,024)
Surplus from prior year	(\$214,187)
Special tax requirement for calendar year 2008	\$670,000

(ii) Debt Service

The special taxes collected in 2009 will be used to make the payments on the Series 2006 Bonds due on September 1, 2009 and March 1, 2010. The Term 2016 Bonds have been reduced by \$32,000 in prepayments and \$183,000 in regularly scheduled sinking fund principal payments. A regularly scheduled principal payment in the amount of \$202,000 is anticipated to redeem additional Term 2016 Bonds on March 1, 2009. Additional Term 2016 Bonds in the amount of \$33,000 are expected to be redeemed on December 1, 2008 with calendar year 2007 prepayments received on five single-family lots. The Term 2030 Bonds have been reduced by \$120,000 in prepayments. Additional Term 2030 Bonds in the amount of \$125,000 are expected to be redeemed on December 1, 2008 with prepayments received during calendar year 2007. Accordingly, the debt service payment is calculated based on the outstanding refunding bonds after December 1, 2008 and March 1, 2009 redemptions, which includes \$1,985,000 in Term 2016 Bonds that have an interest rate of 4.40 percent and \$8,915,000 in Term 2030 Bonds that have an interest rate of 5.00 percent. Additional refunding bonds in the amount of \$30,000 will be redeemed with a special tax prepayment on single-family lot 154, which was collected in October 2008. To be conservative, however, debt service is calculated based on current outstanding Term 2016 Bonds of \$1,985,000 and the current outstanding Term 2030 Bonds of \$8,915,000. Accordingly, the interest on the outstanding bonds for each six months is equal to \$266,545. There is a principal payment of \$219,000 due on March 1, 2010. As a result, total debt service is equal to \$752,090.

(iii) Special Service Area Operations

Special service area operations generally include the charges of the trustee, administrator, miscellaneous expenses of the village and the expenses of the special service area counsel. The annual charge of the trustee is estimated to be \$4,000. The annual charge of the administrator is estimated to be \$12,000. An additional administrator's charge of \$1,250 for annual arbitrage rebate services for the bond year ending March 1, 2009 has been added. Miscellaneous expenses are estimated to be \$2,550. The expenses of the village are estimated to be \$3,450, which includes \$2,050 for the annual charge of the village's auditor. The expenses of the special service area counsel are estimated to be \$3,500. Increasing these amounts for inflation results in total estimated administrative expenses for 2008 of \$27,180.

(iii) Special Reserve Fund

The trust indenture requires a Special Reserve Fund for the village to be established and funded with special taxes collected each year. Funds in the Special Reserve Fund shall be used to make special reserve fund credits for any parcel that is prepaid. The special reserve fund credit for each parcel is the difference between (a) the amount of prepayment of special taxes for such parcel made in accordance with the RMA, and (b) the amount of prepayment of the special taxes for such parcel made in accordance with the RMA if the Series 2000A

bonds remained outstanding and Series 2006 Bonds were not issued. The special reserve fund requirement for any given year shall not exceed \$50,000. The Special Reserve Fund was previously funded with calendar year 2006 special taxes in the amount of \$38,536 on June 4, 2008. An additional \$11,464 of calendar year 2007 special taxes will be transferred to the Special Reserve Fund in November 2008 to meet the special reserve requirement. Special reserve fund credits in the aggregate amount of \$18,811 were transferred to the Bond and Interest Fund in October 2008, and will be used to redeem a portion of the Series 2006 Bonds on December 1, 2008. As a result, calendar year 2008 special taxes in the amount of \$18,811 will be needed to replenish the special reserve fund requirement.

(iv) Reserve Fund

The reserve fund requirement is currently \$1,002,418. As of October 31, 2008, the Reserve Fund balance was \$1,016,466, which included the bond proceeds in the amount of \$1,002,418 and investment income of \$14,048. A reserve fund credit in the amount of \$10,587 was transferred into the Special Redemption Account and will be used to redeem bonds on December 1, 2008. Bond proceeds in the amount of \$1,016,466 are invested in a Dreyfus Money Market Fund, which is earning 2.20 percent per annum. Interest rates on money market funds have been declining. To be conservative, annual investment income on the Reserve Fund will be estimated using an interest rate of 1.00 percent. At a yield of 1.00 percent per annum, \$3,388 in investment income is estimated to be earned on the Reserve Fund prior to the next debt service payment on March 1, 2009. Together with the investment income previously posted to the Reserve Fund, these funds will be made available to pay a portion of the debt service on the Series 2006 Refunding Bonds on March 1, 2009. An additional \$10,024 in annual investment income is estimated to be earned on the bond proceeds invested in the Reserve Fund by March 1, 2010, which may be applied to the payment of debt service on September 1, 2009 and March 1, 2010.

(v) Contingency

A contingency, equal to approximately twelve percent of annual expenses, has been added in the event there are unanticipated expenses, special tax delinquencies, or the interest income earned is less than estimated.

(vi) Surplus from Prior Year

Table IV-3 below outlines the surplus from the prior year that may be applied to pay debt service and administrative expenses for calendar year 2008. The special tax requirement for calendar year 2007 was \$660,002. Special taxes were due on June 5th and September 5th of 2008. As of October 23, 2008, McHenry County had collected and transferred \$639,836 in calendar year 2007 special taxes to the Village of Cary, of which \$609,586 was previously transferred by the village to the trustee in October 2008. The remaining collected balance of \$30,250 will be transferred to the trustee in November 2008. The village anticipates transferring the uncollected balance of \$20,167 to the trustee when collected and made available by McHenry County. The tax sale is scheduled for December 2, 2008 and the final distribution of special taxes to the village will take place in January 2009. For purposes of calculating the surplus from the prior year, the uncollected balance has been excluded.

As of October 31, 2008, the balance in the Bond and Interest Fund was \$837,654. Of this amount, \$159,926 will be used to redeem bonds and pay accrued interest on December 1, 2008. As a result, a portion of the available Bond and Interest Fund and calendar year 2007 special taxes to be transferred in the amount of \$707,979 will be made available to pay debt service on the Series 2006 Refunding Bonds in the aggregate amount of \$472,989 on March 1, 2009.

As mentioned above, as of October 31, 2008, there was \$14,048 in investment income in the Reserve Fund. An additional \$3,388 in investment income is estimated to be earned on the bond proceeds invested in the reserve fund by March 1, 2009. These funds will be made available to pay debt service on March 1, 2009. The debt service payment due on March 1, 2009 includes a principal payment of \$202,000 and an interest payment of \$270,989, which is based on an annual coupon rate of 4.40 percent on the outstanding Term 2016 Bonds of \$2,187,000 and an annual coupon rate of 5.00 percent on the outstanding Term 2030 Bonds of \$8,915,000.

Table IV-3
Surplus from Prior Year

Available Funds:	
Bond and interest fund at October 31, 2008	\$837,654
CY07 special taxes to be transferred in November 2008	\$30,250
Less: Funds needed for December 1, 2008 bond redemption	(\$159,926)
<i>Subtotal available bond and interest fund</i>	<i>\$707,979</i>
Reserve fund interest income at October 31, 2008	\$14,048
Estimated reserve fund interest to March 1, 2009	\$3,388
<i>Total funds available</i>	<i>\$725,415</i>
Debt Service:	
Interest payment, March 1, 2009	(\$270,989)
Principal payment, March 1, 2009	(\$202,000)
Transfer to special reserve fund	(\$11,464)
Transfer to administrative expenses account	(\$26,775)
<i>Total expenses</i>	<i>(\$511,228)</i>
Surplus from prior year	\$214,187

The Special Reserve Fund is required to be funded each year with an amount not to exceed \$50,000. The Special Reserve Fund was previously funded with calendar year 2006 special taxes in the amount of \$38,536 on June 4, 2008. Accordingly, an additional \$11,464 of calendar year 2007 special taxes will be transferred from the Bond and Interest Fund to the Special Reserve Fund. As of October 31, 2008, the balance in the Administrative Expense Fund was \$28,200. Administrative expenses for calendar year 2007 were estimated to be \$26,775. As of October 31, 2008, administrative expenses totaling \$16,063 have been paid by the trustee. Accordingly, calendar year 2007 special taxes in the amount of \$26,775 will be transferred to the Administrative Expense Fund to pay outstanding calendar year 2007 administrative expenses and the balance will be held as contingency. As shown by Table IV-3, the available funds exceed the remaining expenses for the year, resulting in an aggregate surplus of \$214,187 that will be made available to pay debt service and administrative expenses for calendar year 2008.

C. SPECIAL TAXES LEVIED AND COLLECTED

Table IV-4 on the following page provides the summary of special tax collection and delinquency history updated from the official statement dated as of July 13, 2006. The table includes the calendar year in which special taxes were levied, the special tax collected and percent collected.

Special taxes were levied in 2007 for collection in 2008 in the amount of \$660,002. As of December 5, 2008, McHenry County reports collecting and transferring special taxes in the amount of \$649,002 to the Village of Cary. The village anticipates transferring the uncollected balance of \$11,000 to the trustee when collected at tax sale and made available by McHenry County.

Special taxes were levied in 2008 for collection in 2009 in the amount of \$670,000. Calendar year 2008 special taxes are due in June and September 2009. As a result, there are no delinquent special taxes for calendar year 2008 at this time. Accordingly, there are no collection efforts currently underway for calendar year 2008 special taxes.

Table IV-4
Special Tax Collections

Fiscal Year	Special Tax Levied	Special Taxes Collected	Percent Collected
2001	\$440,000	\$400,000	100.0%
2002	\$670,001	\$670,001	100.0%
2003	\$759,999	\$759,999	100.0%
2004	\$780,005	\$780,005	100.0%
2005	\$780,000	\$780,000	100.0%
2006	\$660,006	\$660,006	100.0%
2007	\$660,002	\$649,002	98.3%

D. DELINQUENCY COLLECTION EFFORTS

Special taxes were levied in 2007 for collection in 2008 in the amount of \$660,002, which were due on June 5 and September 5, 2008. As of December 5, 2008, McHenry County reports collecting and transferring special taxes in the amount of \$649,002 to the Village of Cary, representing 98.3 percent of special taxes levied. The village anticipated collecting the outstanding balance of \$11,000 at tax sale on December 2, 2008. As of December 10, 2008, McHenry County reports that the calendar year 2007 tax sale collection information was unavailable.

V. *DISTRICT FINANCIAL INFORMATION*

A. SPECIAL TAX AND DEBT SERVICE COVERAGE

The following debt service schedule is adjusted to reflect the actual debt service and debt service reserve earnings as per the Continuing Disclosure Agreement. The Reserve Fund earnings, trustee and administrative fees, and adjusted debt service for the bond year ending 2010 are actual figures. The maximum special taxes are based on 356 single-family parcels. Debt service reflects an additional \$310,000 in Series 2006 Refunding Bonds redeemed with prepayments through December 1, 2008. As of December 5, 2008, the outstanding Series 2006 Refunding Bonds were equal to \$11,285,000.

Table V-1
Special Tax and Debt Service Coverage

Bond Year Ending	Debt Service	Estimated Trustee and Administrative Fees	Estimated Reserve Fund Earnings	Projected Adjusted Debt Service	Maximum Special Tax	Projected Debt Service Coverage
2008	\$745,828	\$26,775	(\$49,754)	\$722,849	\$847,392	1.17
2009	\$759,732	\$26,775	(\$40,413)	\$746,094	\$863,304	1.16
2010	\$752,090	\$27,180	(\$10,024)	\$769,246	\$876,253	1.14
2011	\$762,454	\$21,227	(\$30,713)	\$752,968	\$889,397	1.18
2012	\$769,938	\$21,546	(\$30,713)	\$760,771	\$902,738	1.19
2013	\$783,630	\$21,869	(\$30,713)	\$774,786	\$916,279	1.18
2014	\$796,222	\$22,197	(\$30,713)	\$787,706	\$930,023	1.18
2015	\$805,714	\$22,530	(\$30,713)	\$797,531	\$943,973	1.18
2016	\$816,194	\$22,868	(\$30,713)	\$808,349	\$958,133	1.19
2017	\$829,750	\$23,211	(\$30,713)	\$822,248	\$972,505	1.18
2018	\$839,550	\$23,559	(\$30,713)	\$832,396	\$987,093	1.19
2019	\$853,900	\$23,912	(\$30,713)	\$847,099	\$1,001,899	1.18
2020	\$865,500	\$24,271	(\$30,713)	\$859,058	\$1,016,928	1.18
2021	\$879,400	\$24,635	(\$30,713)	\$873,322	\$1,032,181	1.18
2022	\$892,400	\$25,005	(\$30,713)	\$886,692	\$1,047,664	1.18
2023	\$903,450	\$25,380	(\$30,713)	\$898,117	\$1,063,379	1.18
2024	\$913,550	\$25,760	(\$30,713)	\$908,597	\$1,079,330	1.19
2025	\$929,650	\$26,147	(\$30,713)	\$925,084	\$1,095,520	1.18
2026	\$938,350	\$26,539	(\$30,713)	\$934,176	\$1,111,953	1.19
2027	\$956,900	\$26,937	(\$30,713)	\$953,124	\$1,128,632	1.18
2028	\$965,700	\$27,341	(\$30,713)	\$962,328	\$1,145,561	1.19
2029	\$982,100	\$27,751	(\$30,713)	\$979,138	\$1,162,745	1.19
2030	\$995,600	\$28,168	(\$30,713)	\$993,055	\$1,180,186	1.19

B. REPRESENTATIVE PROPERTY TAXES

Table V-2 below describes the general ad valorem tax rate that was assessed against a randomly selected single-family home in the Village of Cary for calendar year 2007. According to the McHenry County treasurer's web site, the representative calendar year 2007 tax rate for a single-family home was 7.1126 per \$100 of assessed value. Please note: Table V-2 does not include the calendar year 2007 special tax, which was \$1,882 per single-family unit.

Table V-2
Representative Property Taxes

	Detached Single-Family Home
Market Value	\$441,933
Assessed Value	\$147,311
Multiplier	\$1
Average Homeowner Exemption	(\$5,000)
Taxable Valuation	\$142,311
Taxing Agency	Tax Rate per \$100 of Assessed Value
McHenry County	0.6871
McHenry County Conservation District	0.1738
Community College District	0.2634
School District Number 26	2.6142
School District Number 155	1.8213
Cary Fire Department	0.3615
Cary Area Library	0.1611
Cary Park District	0.5080
Algonquin Township	0.0510
Algonquin Road and Bridge	0.1124
Cary Village	0.3588
Total Tax Rate	7.1126
Representative Ad Valorem Tax	\$10,122

C. DEMOGRAPHIC INFORMATION

(i) Median Household Income

Table V-3 on the following page provides the 2007 projected household income distributions for McHenry County and the State of Illinois. According to the U.S. Census Bureau's 2007 American Community Survey, the median household income for McHenry County and the State of Illinois was \$73,286 and \$54,124, respectively. The distributions of the household income for the Village of Cary are based on the 2000 Census with a median income of \$76,801, as shown in the Official Statement.

Table V-3
Median Household Income

Value	The Village		McHenry County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000	90	1.83%	3,093	2.9%	325,405	6.8%
\$10,000 - \$14,999	62	1.26%	2,644	2.5%	239,256	5.0%
\$15,000 - \$24,999	169	3.43%	6,748	6.3%	493,401	10.4%
\$25,000 - \$34,999	346	7.03%	7,470	7.0%	472,212	9.9%
\$35,000 - \$49,999	561	11.40%	12,245	11.5%	659,735	13.9%
\$50,000 - \$74,999	1,153	23.42%	22,461	21.0%	925,550	19.4%
\$75,000 - \$99,999	1,175	23.87%	18,877	17.7%	623,176	13.1%
\$100,000 - \$149,999	928	18.85%	21,653	20.3%	603,011	12.7%
\$150,000 - \$199,999	303	6.15%	6,508	6.1%	209,448	4.4%
200,000 or more	136	2.76%	5,197	4.9%	208,385	4.4%
Total	4,923	100.00%	106,896	100.0%	4,759,579	100.0%

Source: U.S. Census Bureau 2007 American Community Survey

(ii) Housing

Table V-4 below provides the 2007 projected home value distributions for McHenry County and the State of Illinois. According to the U.S. Census Bureau's 2007 American Community Survey, the median home values for McHenry County and the State of Illinois were \$262,100 and \$208,800, respectively. The distributions of home values for the Village of Cary are based on the 2000 Census with a median home value of \$184,100, as shown in the Official Statement.

Table V-4
Housing

Value	The Village		McHenry County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Under \$50,000	0	0.00%	383	0.4%	198,895	6.0%
\$50,000 - \$99,999	237	5.49%	917	1.0%	448,227	13.4%
\$100,000 - \$149,999	972	22.53%	6,007	6.6%	461,548	13.8%
\$150,000 - \$199,999	1,354	31.38%	15,249	16.9%	478,762	14.4%
\$200,000 - \$299,999	1,550	35.92%	31,945	35.3%	707,356	21.2%
\$300,000 - \$499,999	202	4.68%	27,983	30.9%	703,852	21.1%
\$500,000 - \$999,999	0	0.00%	7,557	8.4%	280,967	8.4%
\$1,000,000 or more	0	0.00%	446	0.5%	54,932	1.6%
Total	4315	100.00%	90,487	100.0%	3,334,539	100.0%

Source: U.S. Census Bureau 2007 American Community Survey

(iii) Age Statistics

Table V-5 on the following page provides the age groups statistics for the Village of Cary, McHenry County, and the State of Illinois. The distributions of age for the Village of Cary are based on the 2000 Census, as shown in the Official Statement.

Table V-5
Age Statistics

Age Groups	The Village		McHenry County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
0 - 14 years	4,586	29.5%	70,991	22.5%	2,643,954	20.6%
15 - 34 years	3,457	22.3%	84,257	26.7%	3,615,463	28.1%
35 - 59 years	6,233	40.1%	114,931	36.4%	4,462,205	34.7%
60 - 84 years	1,189	7.7%	42,311	13.4%	1,904,557	14.8%
85+ years	66	0.4%	3,453	1.1%	226,369	1.8%
Total	15,531	100.0%	315,943	100.0%	12,852,548	100.0%

Source: U.S. Census Bureau 2007 American Community Survey

(iv) Major Area Employers

Table V-6 below provides the list of the principal employers, as reported by the Village of Cary Comprehensive Annual Financial Report for the year ended April 30, 2008.

Table V-6
Major Area Employers

Employer	Employees	Rank
Sage Products, Inc.	481	1
Seaquist Perfect Dispensing	440	2
Martinez Manufacturing Inc.	340	3
True Value Manufacturing Company	240	4
Coilcraft Inc.	235	5
Durex Industries	180	6
Jewel/Osco	110	7
Sherman Mechanical, Inc.	100	8
Bartlett Manufacturing, Inc.	80	9
Federal Express Corporation	75	10

Source: Village of Cary, Illinois 2008 Comprehensive Annual Financial Report

VI. SIGNIFICANT EVENTS

Pursuant to the continuing disclosure agreement, listed events include the following:

- i.) principal or interest payment delinquencies;
- ii.) non-payment related defaults;
- iii.) modification to rights of owners of the bonds;
- iv.) optional, contingent or unscheduled calls of the bonds;
- v.) defeasances;
- vi.) rating changes;
- vii.) adverse tax opinions or events affecting the tax-exempt status of the bonds;
- viii.) unscheduled draws on any reserve fund for the bonds reflection financial difficulties;
- ix.) unscheduled draws on any credit enhancements reflecting financial difficulties;
- x.) substitution of any credit or liquidity providers or their failure to perform;
- xi.) release, substitution or sale of property (other than the sale of homes in the ordinary course) securing repayment of the bonds.

Except for the rating changes notices listed below the administrator does not have knowledge of any listed events as of the date of this report. The notices listed below were filed with the NRMSIRs on September 20, 2007, June 23, 2008 and August 28, 2008.

- i.) On September 5, 2007, Fitch Ratings downgraded Radian Asset Assurance Inc. insured ratings from 'AA' to 'A+'.
- ii.) On June 16, 2008, Standard & Poor's downgraded Radian Asset Assurance Inc. insured ratings from 'AA' to 'A'.
- iii.) On August 26, 2008, Standard & Poor's downgraded Radian Asset Assurance Inc. insured ratings from 'A' to 'BBB+'.